

SCICOM (MSC) BERHAD
(Company No. 597426-H)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 31 DECEMBER 2006

ANNOUNCEMENT

The Board of Directors of Scicom (MSC) Berhad is pleased to announce the following unaudited consolidated results for the second quarter ended 31 December 2006.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE	
	Current Year Quarter 31.12.2006 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31.12.2005 (Unaudited) RM'000	Current Year To Date 31.12.2006 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2005 (Unaudited) RM'000
Revenue	27,246	15,337	54,849	29,640
Operating expenses	(23,560)	(13,460)	(47,512)	(26,255)
Other income	0	13	12	21
Profit from operations	3,686	1,890	7,349	3,406
Net interest income	104	41	230	6
Profit before taxation	3,790	1,931	7,579	3,412
Taxation	(519)	(25)	(1,070)	(3)
Profit after taxation	3,271	1,906	6,509	3,409
Attributable to:				
- Equity holders of the Company	3,275	1,906	6,513	3,409
- Minority interest	(4)	0	(4)	0
	3,271	1,906	6,509	3,409
Basic earnings per share (sen) *	1.26	0.74	2.51	1.58
Diluted earnings per share (sen) *	1.24	0.73	2.47	1.56

* The Basic and Diluted earnings per share for the preceding year corresponding quarter and period have been revised to take into account the bonus issue on 13 October 2006.

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006**

	As At End of Current Quarter 31.12.2006 (Unaudited) RM'000	As At Preceding Financial Year Ended 30.6.2006 (Audited) RM'000
ASSETS		
Non-Current Assets		
Plant and equipment	19,433	15,806
Deferred tax assets	0	47
	19,433	15,853
Current Assets		
Trade Receivables	11,365	8,667
Deposits, prepayments and other receivables	4,286	2,839
Deposits with financial institutions	14,871	16,334
Cash and Bank Balances	1,783	5,786
	32,305	33,626
TOTAL ASSETS	51,738	49,479
EQUITY AND LIABILITIES		
Equity		
Share capital	26,073	12,848
Share premium	3,021	15,177
Retained earnings	12,924	9,001
Currency translation reserve	(206)	(29)
Shareholders' Equity	41,812	36,997
Minority interests	0	0
TOTAL EQUITY	41,812	36,997
Non-Current Liabilities		
Borrowings (secured and interest-bearing)	805	1,236
Payables and accruals	0	34
Deferred taxation	68	0
	873	1,270
Current Liabilities		
Payables and accruals	7,915	8,166
Taxation	146	1,786
Borrowings (secured and interest-bearing)	992	1,260
	9,053	11,212
Total Liabilities	9,926	12,482
TOTAL EQUITY AND LIABILITIES	51,738	49,479
NET ASSETS PER SHARE (RM)	0.16	0.29

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Current Year Period Ended 31.12.2006	Preceding Year Corresponding Period Ended 31.12.2005
	(Unaudited) RM'000	(Unaudited) RM'000
Net cash generated from operating activities	4,328	6,602
Net cash used in investing activities	(7,286)	(1,229)
Net cash (used in) / generated from financing activities	(2,188)	18,504
Net (decrease) / increase in cash and cash equivalents	(5,146)	23,877
Effect of foreign exchange on cash and cash equivalents	(320)	(59)
Cash and cash equivalents at beginning of financial period	21,971	643
Cash and cash equivalents at end of financial period	16,505	24,461

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Minority interests	Total Equity
	Number of shares	Nominal value	Share premium	Currency translation reserve	Retained earnings	Shareholders' equity		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31.12.2005 (Unaudited)								
As at 1 July 2005	75,000	7,500	0	(13)	4,510	11,997	0	11,997
Dividend	0	0	0	0	(2,040)	(2,040)	0	(2,040)
Rights issue of shares	20,400	2,040	0	0	0	2,040	0	2,040
Issuance of shares	32,600	3,260	16,300	0	0	19,560	0	19,560
Listing expenses	0	0	(1,364)	0	0	(1,364)	0	(1,364)
Net profit for the financial period	0	0	0	0	3,408	3,408	0	3,408
Currency translation differences	0	0	0	(16)	0	(16)	0	(16)
As at 31 December 2005	128,000	12,800	14,936	(29)	5,878	33,585	0	33,585
6 months ended 31.12.2006 (Unaudited)								
As at 1 July 2006	128,481	12,848	15,177	(29)	9,001	36,997	0	36,997
* Final dividend for the financial year ended 30 June 2006	0	0	0	0	(2,590)	(2,590)	0	(2,590)
** Issuance of shares pursuant to ESOS	2,819	282	849	0	0	1,131	0	1,131
Bonus issue	129,433	12,943	(12,943)	0	0	0	0	0
Bonus issue expenses	0	0	(62)	0	0	(62)	0	(62)
Net profit for the financial year	0	0	0	0	6,513	6,513	(4)	6,509
Currency translation differences	0	0	0	(177)	0	(177)	(7)	(184)
Incorporation of new subsidiary	0	0	0	0	0	0	11	11
As at 31 December 2006	260,733	26,073	3,021	(206)	12,924	41,812	(0)	41,812

* Tax exempt final dividend for the financial year ended 30 June 2006 of RM0.02 per ordinary share was paid on 29 September 2006.

** Issuance of 952,000 new Scicom shares at an issue price of RM0.60 and 1,867,000 new Scicom shares at an issue price of RM0.30, pursuant to employees exercising their share option under the ESOS on 11 August 2006 and 11 November 2006, respectively.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2006

1. BASIS OF PREPARATION

The interim financial statements has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No. 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market. The interim financial statements should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2006 and in accordance with the new accounting policies adopted for the year ending 30 June 2007 as reported in the First Quarter Report.

The accounting policies and methods of computation adopted in the Group's annual audited financial statements for the financial year ended 30 June 2006 have been consistently adopted in the preparation of the interim financial statements.

2. AUDITORS' REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified report issued by the auditors in the annual financial statements for the financial year ended 30 June 2006.

3. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors during the quarter under review.

4. UNUSUAL ITEMS

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.



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5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There have been no significant changes in the basis of estimates of amounts previously reported which have a material effect in the quarter under review.

6. MOVEMENT IN DEBT AND EQUITY SECURITIES

During the current financial year to date, there were no issuances, repurchases, resale and repayments of debt and equity securities other than the following:

- a. On 13 October 2006, the Company completed the bonus issue of 129,433,000 new ordinary shares on the basis of one (1) new Share for every one (1) existing Share held in Scicom (MSC) Berhad, by way of capitalization of the share premium account.

The authorized share capital of the Company was increased from RM25,000,000 comprising 250,000,000 shares to RM100,000,000 comprising 1,000,000,000 shares, and

- b. The issuance of new ordinary shares of RM0.10 each pursuant to employees exercising their option under the ESOS on the following exercise dates:

Date of exercise	Issue price per ordinary share	Number of shares exercised
11 August 2006	RM0.60	952,000
11 November 2006	RM0.30	1,867,000



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7. DIVIDENDS PAID

On 29 September 2006, a final tax exempt dividend of 2 sen per ordinary share amounting to RM2,588,660 was paid in respect of the financial year ended 30 June 2006.

8. SEGMENT RESULTS AND REPORTING

The Group operates in a single line of business, namely the provision of customer contact centre within the Business Process Outsourcing space. In determining the geographical segments of the Group, segmental revenue is based on the country in which the customer is located. There is no inter-segment transaction during the period under review. Total assets and capital expenditure are determined based on where the assets are located.

The Group derives revenue from customers in the following geographical areas:

	Current Year Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2006 RM'000
Revenue		
Malaysia	1,078	2,404
Singapore	15,280	30,110
United Kingdom	815	1,978
United States of America	8,310	17,004
Other countries	1,763	3,353
	27,246	54,849

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The Group maintains assets in the following countries:

	As At Current Financial Period Ended 31.12.2006	As At Preceding Financial Year Ended 30.6.2006
	RM'000	RM'000
Total assets		
Malaysia	37,630	34,295
United States of America	11,088	13,087
Other countries	3,020	2,097
	51,738	49,479
Capital expenditure		
Malaysia	2,947	4,001
United States of America	4,138	4,687
Other countries	202	154
	7,287	8,842

9. VALUATION OF PLANT AND EQUIPMENT

There were no revaluation of plant and equipment during the quarter ended 31 December 2006. As at 31 December 2006, all plant and equipment were stated at cost less accumulated depreciation.

10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the quarter.



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11. CHANGES IN THE COMPOSITION OF THE GROUP

The Board has made the following announcements :

- a. On 8 November 2006,
 - (i) the Company had incorporated a new wholly-owned subsidiary under the Companies Act, 1965 ("the Act") known as Jade Apple Marketing Sdn Bhd ("JAMSB") on 6 November 2006 ("Incorporation");
 - (ii) the wholly-owned subsidiary of the Company in Singapore, namely Scicom Teleservices Pte. Ltd., had changed its name to Jade Apple Marketing Pte. Ltd. ("JAMPL") with effect from 3 November 2006 ("Change of Name"). JAMPL's issued and paid-up share capital of JAMPL had also increased from SGD2 comprising 2 ordinary shares of SGD1.00 each in JAMPL ("JAMPL Shares") to SGD10,000 comprising 10,000 JAMPL Shares by the allotment of 9,998 JAMPL Shares to Scicom; and
- b. On 5 December 2006,
 - (i) Jade Apple Marketing Sdn Bhd's ("JAMSB") issued and paid-up share capital had increased from RM2 comprising 2 ordinary shares of RM1.00 each in JAMSB ("JAMSB Shares") to RM100,000 comprising 100,000 JAMSB Shares by the issue and allotment of 69,998 JAMSB Shares to Scicom and 30,000 JAMSB Shares to Consult Alliance Singapore Pte. Ltd. ("Consult") which was satisfied by cash at a subscription price of RM1.00 per JAMSB Share on 29th November 2006; and
 - (ii) the entire shareholding of Scicom in Jade Apple Marketing Pte Ltd (previously known as Scicom Teleservices Pte Ltd) ("JAMPL") comprising 10,000 ordinary shares of SGD1.00 each ("JAMPL Shares") has been transferred to JAMSB on 29th November 2006 for a cash consideration of SGD10,000 (approximately RM23,200).



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There were no other changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the current financial year to date.

12. CONTINGENT LIABILITY

There were no contingent liability as at 2 February 2007.

13. COMMITMENTS

(a) Capital commitments

Capital expenditure of the Group approved by the Directors but not provided for in the condensed financial statements are as follows:

Plant and equipment
 - Authorised and contracted

Current Year To Date 31.12.2006
RM'000
159

(b) Non-cancelable operating leases

The future minimum lease payments under non-cancelable operating leases for the Group are as follows:

- not later than 1 year
 - later than 1 year and not later than 5 years

Current Year To Date 31.12.2006
RM'000
3,796
1,568
5,364



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14 SIGNIFICANT RELATED PARTY TRANSACTION

There were no significant related party transactions as at the date of this announcement.

15. REVIEW OF PERFORMANCE

For the current quarter, the Group recorded revenue and profit before taxation of RM27.3 million and RM3.8 million respectively. The Group's revenue and profit before taxation increased by 78% and 96% respectively as compared to the preceding year corresponding quarter's result.

For the current year to date, the Group's revenue and profit before taxation were RM54.9 million and RM7.6 million respectively. Revenue and profit before taxation have increased by 85% and 122% as compared to the preceding year corresponding period ended 31 December 2005.

The significant increase in the Group's result is due to full quarter contribution from projects secured during the financial year ended 30 June 2006.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue and profit before taxation remained consistent with the preceding quarter result due to stable contribution from the Group's existing projects.

17. CURRENT YEAR PROSPECTS

The existing projects continue to provide the Group with stable revenue and earnings. The Group has also secured projects that are expected to commence operations in the later part of the financial year. However, the full contribution of these projects will be realized in the financial year 2008.

Contribution from operations based in the US will be lower due to the strengthening of the Ringgit.

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Taking the abovementioned factors into consideration, the Board of Directors expects the Group to achieve satisfactory results for the financial year ending 30 June 2007.

18. TAXATION

	Current Year Quarter 31.12.2006 RM '000	Current Year To Date 31.12.2006 RM '000
<u>Group</u>		
Current tax	464	981
Deferred tax	55	89
	519	1,070

The Company's Multimedia Super Corridor pioneer status accords the Company with tax exemption on the Company's statutory income. Current tax relates to a subsidiary's operations in the United States of America.

The Group's effective tax rate is thus lower than the Malaysian statutory tax rate of 28%.

19 DIVIDEND

The Board has declared an interim dividend of 1 sen per share tax exempt in respect of the 2006/2007 financial year, amounting to RM2,607,330 as compared to 2 sen per share tax exempt in respect of the 2005/2006 financial year. The proposed dividend will be paid on 8th March 2007 to shareholders registered at the close of business on 26th February 2007. The register of members will be closed on 26th February 2007 for the purposes of determining shareholders' entitlement to the dividend.

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20. PROFIT/(LOSS) ON SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties during the current quarter and financial year-to-date other than the transfer of the entire shareholding of Scicom in Jade Apple Marketing Pte Ltd (previously known as Scicom Teleservices Pte Ltd) ("JAMPL") to Jade Apple Marketing Sdn Bhd's ("JAMSB") (a 70% owned subsidiary of Scicom) on 29th November 2006 for a cash consideration of SGD10,000 (approximately RM23,200) as disclosed under note 11.

21. PURCHASES AND SALES OF QUOTED SECURITIES

Scicom does not hold any investments in quoted securities as at 31 December 2006. There was no acquisition or disposal of quoted securities during the current financial year to date.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

The status of utilisation of proceeds raised from the Initial Public Offering is as follows:

	Proposed utilisation proceeds *	Amount utilised as at 2.2.2007	Transfer **	Amount outstanding	Expected timeframe for utilisation *
	RM'000	RM'000	RM'000	RM'000	
Working Capital	13,060	(13,196)	136	0	12 months from listing date
Capital Expenditure	5,000	(3,106)	0	1,894	24 months from listing date
Share issue expenses	1,500	(1,364)	(136)	0	3 months from listing date
	19,560	(17,666)	0	1,894	

* Proposed utilisation as set out in Scicom's prospectus dated 7 September 2005.

** The unutilised share issue expenses of RM136,000 is transferred to working capital.

There were no other corporate proposals announced but not completed as at 2 February 2007.

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23. GROUP BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 December 2006 is as follows:

	Current liabilities	Non-current liabilities	Total
	RM'000	RM'000	RM'000
Secured			
Finance Lease	992	805	1,797

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no outstanding off balance sheet financial instruments as at 2 February 2007.

25. CHANGES IN MATERIAL LITIGATION

There were no material litigation matters dealt with during the period under review or pending as at 2 February 2007.

26. EARNINGS PER SHARE

The basic and diluted earnings per share for the quarter under review are computed as follows:

Basic earnings per share

	Current Year Quarter	Current Year To Date
	31.12.2006	31.12.2006
Profit attributable to the equity holders of the Company for the financial period (RM'000)	3,275	6,513
Weighted average number of ordinary shares in issue ('000)	259,881	258,960
Basic earnings per share (sen)	1.26	2.51

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Diluted earnings per share

	Current Year Quarter 31.12.2006	Current Year To Date 31.12.2006
Profit attributable to the equity holders of the Company for the financial period (RM'000)	3,275	6,513
Weighted average number of ordinary shares in issue for diluted EPS ('000)	259,881	258,960
Adjusted for share options granted ('000)	5,022	4,370
Adjusted weighted average number of ordinary shares ('000)	264,903	263,330
Diluted earnings per share (sen)	1.24	2.47

By order of the Board of Directors

LEO SURESH ARIYANAYAKAM
DIRECTOR
7 February 2007